

**NOTE:** As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR: Martinez DATE TYPED: 03/3/03 HB 826

SHORT TITLE: Full Satisfaction of Real Estate Debt SB \_\_\_\_\_

ANALYST: Gilbert

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Response Received From

Regulation and Licensing Department (RLD)

### SUMMARY

Synopsis of Bill

House Bill 826 permits title insurers to file real estate mortgage or deed of trust releases. Within ten days of the date of recording, title insurers must mail notice of intent to record to the mortgagee, the trustee and beneficiary of the deed of trust, or to the assignee of record of the debt or evidence of debt.

Significant Issues

This bill increases the liability of title insurers by making them liable to mortgagees or beneficiaries of deeds of trust for damages, including attorney fees, that mortgagees or beneficiaries of deeds of trust may sustain by reason of wrongful recording of a release of mortgage or deed of trust.

### RELATIONSHIP

This bill relates to NMSA 1978, § 48-7-4, which pertains to the release of mortgages.

## TECHNICAL ISSUES

The Regulation and Licensing Department (RLD) Financial Institutions Division recommends the following technical changes to this bill:

- New Mexico is a mortgage state. As such, the wording in HB 826 should reflect the use of mortgages.

Page 1, line 25; insert the words “a mortgage,” at the beginning of line 25, so the line reads: “a mortgage, a deed of trust or the assignee of record of the debt or”.

Page 2, section (D) line 13 insert “a mortgage or” before “deed of trust”, so the line will read: “any mortgagee or beneficiary of a mortgage or a deed of trust for damages”.

Page 2 section (D) line 16 insert “mortgage or a” at the beginning of line 16, so the line reads: “mortgage or a deed of trust may sustain by reason of the wrongful recording”

RLG/prr